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*The Economics of Competitive Coexistence*

## East-Central Europe's Economic Significance in Communist Strategy

by Jan Wszelaki

*Jan Wszelaki, an expert on East-Central European affairs, was formerly a long-time economic adviser to the Ministry of Foreign Affairs in Warsaw before World War II, and until 1945 was a member of the Polish Foreign Service. From 1950-56, he was a research associate and supervisor in the Mid-European Studies Center in New York. At present, he is an economic consultant and writer. He is the author of Communist Economic Strategy: The Role of East-Central Europe, the first published study in an NPA series of reports on The Economics of Competitive Coexistence.*

**T**WO CRITICAL ASPECTS of East-West competition have not been sufficiently dealt with in current economic literature: first, the role of Soviet control over the dependent countries\* of East-Central Europe in the economic development of the Soviet Union, and second, the part played by these countries in the current Soviet-bloc economic drive in Asia and Africa.

Why do the two problems deserve special attention at this time? For one thing, the share of the dependent countries in the Soviet-bloc drive is far larger than is popularly realized. Particularly in the middle East, but also in some other areas, these countries are more active in the economic fields than the Soviet Union. Within the last few years, they have come to occupy important positions there in trade and development, and they may be expected to make further inroads. But for the dependent countries, the Soviet drive in the uncommitted parts of the world would have been more limited in scope and intensity and less successful.

The dependent countries' indirect share in this drive through their contributions to the Soviet Union's rising economic potential has been no less important. The postwar economic recovery of the Soviet Union has been greatly helped by the transfers of wealth from the dependent area. Trade with that area is now speeding up Soviet

\*Note: The author departs from the conventional use of "satellite" except with respect to governing regimes. He prefers "dependent," a word which conveys "a more judicious connotation."

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**the people of NPA**

### Bases of Peace

- "Genuine peace obviously must rest upon a foundation of economic health and the political stability which flows from it. That applies to others as well as to ourselves.

There is often a lack of appreciation of the close relationship that exists between international trade, economic development, and the question of war or peace. We at times identify the causes of the Second World War, for example, with the personalities of certain political leaders—the Hitlers, the Mussolinis. We would do well to think also of the unhappy and tragic economic and social conditions of the twenties, which brought these leaders into power. We might bear in mind that any serious interruption of world trade and economic development, or frustrated hopes for better living standards, could again bring desperate men to power in one world area or another and thus evoke the threat of disturbance and war."

*From a speech by Robert Murphy, Deputy Under Secretary of State for Political Affairs, delivered at the Peace Award luncheon of the Catholic Association for International Peace at Washington, D. C., October 25, 1958. Mr. Murphy was on this occasion the recipient of the association's annual Peace Award.*



economic development, and thus Soviet capacity to trade with and extend economic assistance to the underdeveloped parts of the world.

In viewing the Soviet bloc's trade drive, attention in the West is generally focused on the Soviet Union, where policy originates, rather than on the instruments that implement it. Views on the relationship between the Soviet Union and the dependent countries reflect foremost—and rightly—the impact of Soviet political domination of the area. As a result, a proper perspective of economic relations between the Soviet Union and the dependent area—particularly of the area's contribution to Soviet economic development—is often missing.

**T**HE ECONOMIC STRUCTURE of the dependent countries has undergone a complete change since 1945. They need more raw material imports for their greatly increased industrial plant and they clearly welcome expanded foreign markets to achieve its better utilization. To be sure, they must first supply manufactured goods to the Soviet Union and process Soviet raw materials. Trade with the Chinese Communist orbit and intra-area trade, must take second place. Nevertheless, as a matter of deliberate policy, a large degree of economic interdependence has been built up within the joint Communist market, and a measure of genuine complementarity has emerged in which the dependent countries are also being increasingly assigned the role of workshops to provide Communist and uncommitted nations with industrial goods—primarily machinery.

The Soviet Union and the Asiatic Communist countries cannot supply the dependent area with all the raw material it requires. Nor can they absorb all the industrial equipment and other goods which the area's industries need to produce to make their output really profitable. That is why the growth of intrabloc trade is not incompatible with external trade. On the contrary, the growing division of labor within the dependent area leads to the desire for more trade with the outside world. In the present circumstances, and for purely economic reasons, the primary material-producing countries of the Middle and Far East (and Latin America) offer the best opportunities for the dependent countries' extra-bloc trade; they are most advantageously placed to exchange their surplus raw materials for the producer goods which they so urgently require for economic development.

Since 1955, such economic bases of trade between these two groups of countries have been used, under Soviet direction, for the promotion of Soviet political goals in Asia and elsewhere. All the dependent countries have been called upon to take part in this task, but some of them, especially Czechoslovakia and East Germany, possess much greater capacity for economic penetration in given overseas areas than others; this stems from their higher degree of economic development and greater commercial flexibility. For a number of reasons, the Middle East is, by and large, the most promising theater for such operations.

In this context, it is essential to bear in mind, however, that East-Central Europe's trade with the less developed parts of the world, through lately assigned high political priority, continues subordinate to the requirements of trade with the Soviet Union which, in 1958, amounted to about \$5,000 million. In recent years, one half of all Soviet imports and about three fourths of its industrial equipment imports—the latter amounting to \$800-\$900 million a year—originated in the European dependent area. It stands to reason that the dependent countries' machinery and other goods can be exported to other markets (including the rest of the Communist world) only insofar as they are not required by the Soviet Union. The latter pays for its imports—first, in foodstuffs, raw materials, and some primary goods, the proportion of which in total Soviet exports to East-Central Europe is constantly rising; and second, in industrial equipment for the less industrialized countries of the area.

Regarding the economic development of the dependent countries, the period of reckless industrialization irrespective of social cost seems to be over. Their rate of industrial expansion has been reduced, as has that of the Soviet Union, and it appears that it will be maintained at an average annual level of, perhaps, 6 to 8 percent. Since the volume of industrial products has greatly increased during the past decade, the continuation of this development rate will demand larger absolute investments than during the past series of long-term plans. However, the necessary accumulation of capital will probably be less impeded than in the past by Soviet exactions.

**T**HE RATE OF INCREASE in the area's output of foodstuffs, fuels, and most key raw materials may be expected to lag behind that of its industrial expansion and to lead to a constantly increasing demand for imports. As in the past, most of these deficiencies in commodities will have to be made up by the Soviet Union. Without such supplies, large parts of the dependent countries' economic activities would be brought to a standstill—a kind of import dependence very different from that which existed prior to 1939. In the years ahead, the delivery of these primary commodities will not, in my opinion, impose major strains on the Soviet Union, where production of raw and basic materials such as fuels, metallic ores and metals, and other imports is now greater than ever before and is still increasing rapidly. The availability of such supplies has been evidenced by considerably increased Soviet shipments of raw materials to Czechoslovakia and Hungary in 1957 and the first half of 1958, and the emergence, for the first time in a decade, of temporary net Soviet balances in the trade with these countries. This became even clearer in the East Berlin protocol of July 1958 which according to First Secretary Ulbricht's statement of July 9, called for Soviet deliveries—including a gradual extension of oil shipments up to 5 million tons—to exceed considerably East German counterdeliveries until 1962. With regard to grain, however,

there is an element of doubt whether the Soviet Union's domestic requirements will always permit a sufficient volume of exports to the dependent area. To that extent, then, imports of grains from the West would remain a distinct possibility.

THE AREA is thus economically dependent on imports from the Soviet Union and is tending to become even more dependent as time goes on. It also relies, though to a lesser extent, on the Soviet Union as its principal customer. This situation has its bright side for East-Central Europe which, on the strength of long-term trade agreements, is reasonably certain to sell a large part of its industrial product to the Soviet Union. It is continually stressed behind the Iron Curtain that this security is the surest guarantee of the continuing economic development of the dependent countries.

But it is equally true that Soviet economic development relies on deliveries of industrial and transport equipment, uranium ore, and other key materials from the dependent area. While the volume of the area's import of Soviet machinery is contracting—it decreased from \$304 million's worth in 1955, to \$221 million's worth in 1957—its exports of machinery to the Soviet Union are rising absolutely, as well as in relation to other exports, though there have been, and there may recur in the future, some deviations from this pattern. It may be argued that the Soviet Union produces the full range of required machinery and that its imports from the dependent area only fill some marginal or perhaps temporary deficiencies in its output while the dependent countries must purchase abroad a high proportion of the primary commodities they consume and process. In short, the Soviet Union is very nearly self-sufficient, whereas the dependent area is not. On the other hand, owing to constant shortages and stresses in its economy, the Soviet Union has never been able to satisfy all its various needs at once. Imports from the dependent countries, which are planned in advance, allow the Soviet Union to relieve these shortages and stresses, to speed up its general economic development, and to concentrate upon high-priority targets, including production of expensive modern armaments and, lately, deliveries of equipment to uncommitted parts of the world.

TRADE DATA bring out the significant contribution of East Germany and Czechoslovakia in providing the Soviet Union with its external needs for machinery. It is therefore not difficult to perceive that *loss of control over East Germany would hardly be acceptable to the Soviet Union for economic reasons alone*, not to speak of political and military considerations. This is true also for Czechoslovakia, which is of extreme importance for Soviet economic penetration of Asia and Africa. The same goes for Poland, because of its position as a land bridge to East Germany, its merchant fleet, and other assets. A large part

of the requisite industrial equipment supplied by all European dependent countries to China helps materially in the revolutionary transformation of the Chinese economy, which may within a decade or two change the present power relationship in Southeast Asia altogether. It is worth noting that since 1957, the value of such equipment imported by China from the dependent area was rapidly approaching that of Soviet equipment deliveries. Uranium ore, the extraction of which appears to have expanded greatly in Czechoslovakia and East Germany and to have advanced in four other countries, constituted a prime asset for the Soviet Union to which it is exported. A new feature of export to the Soviet Union is high-quality clothing, footwear, and durable consumer goods; the volume of such exports has greatly risen since 1957.

IN THE IMMEDIATE postwar years doubts were expressed in the West as to whether the forced economic collaboration between the Soviet Union and the dependent countries would work after the economies of the latter had been tied to those of Western Europe for generations. No matter how artificial and improbable initially, this collaboration is now a fact, and it has developed an economic logic of its own—the logic of interdependence. This was a fact even before the unrest of October 1956, when a belief developed in the West that the dependent area, or at least some of its members, was a weak spot of Soviet power in Europe. Insofar as moral, political, and, perhaps, present military factors are concerned, this may be true even though the Soviet Union has again tightened its control. From an economic standpoint, however, the dependent area is of great value to the Soviet Union, if only because of the terms of trade prevailing between the two areas.

Until 1957, goods were bought and sold in the dependent area by the Soviet Union at special prices not connected with the world market ones. Because of its incomparably higher bargaining power, the Soviet Union greatly benefited by overcharging its exports and underpaying imports. After the Hungarian revolt, the principle of world market prices was professedly introduced in the trade in question. However, exceptions from this principle were provided for, which nullified a large part of its positive effect for the captive area. A recent study (Horst Mendershausen, *Terms of Trade between the Soviet Union and Smaller Communist Countries 1955 to 1957*, RAND Corporation, Santa Monica, January 1959) based on official Soviet trade statistics would seem to indicate that Soviet price discrimination in respect to the dependent countries' exports actually increased in 1957, in comparison with the preceding years. The probable profits from this discrimination based on trade in 66 commodities, exceeded the value of the much-publicized Soviet credits of \$370 million used by the dependent countries during the same period; were it possible to take into the account all commodities exchanged between the two areas, for which trade data are not available, such profits might have been several

times higher. In addition, there were indications that special prices will be reimposed by the Soviet Union. A return to the old practice would probably be resisted by the less servile satellite regimes. However, the Soviet Union may well pass over such opposition and maintain that the "new" socialist world price setting will be equitable for all countries—an assurance which may fall well off the mark.

**S**INCE 1957, various steps have been taken with the view of further integrating the dependent area's economy with that of the Soviet Union. The core of the plan, which is being carried out through the instrumentality of the Soviet bloc's Council for Mutual Economic Assistance (the "Comecon" or CMEA), consists of a division of labor among the dependent countries, especially in the field of machine building. This would result in machinery and equipment being serially produced in selected countries and industrial plants. The Soviet Union would continue to produce all kinds of machinery. However, it would greatly profit by the ensuing further price reduction of the equipment imported from the dependent area. If fully implemented in the course of the years ahead, the planned reform will result in some branches of industrial production being closed within individual captive countries and their increased trade dependence one upon another and, in the last analysis, upon the Soviet Union.

**O**N THE OTHER HAND, a return to the direct exploitation of the first postwar decade does not seem probable, or at least not with the same methods. The Soviet Union can no longer resort to the plunder of 1944-46, nor can it impose reparations on the dependent countries. The re-creation of joint, half Soviet-owned corporations also seems most improbable, unless they appear in a form totally different from that which existed prior to their dissolution. Nevertheless, unexpected developments cannot be entirely ruled out, especially during periods of mounting international tension.

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One of our National Council members, O. B. Jesness of the University of Minnesota, writes that the review of *Science Versus Old Age, Looking Ahead*, January 1958 "leaves out two very important words in referring to the increase in life expectancy. These two words are 'at birth.' Life expectancy has improved because of reduction of mortality of infants and children, and a moderate reduction in middle age groups. In terms of years the increase in life expectancy for older age persons has been very modest. The increase in older groups is due to more persons living to the ages of that group rather than because the older people live much longer." Mr. Jesness is correct, and the two words were inadvertently omitted.

## —The People of NPA—



Emil  
Rieve

For over 50 years, Emil Rieve, member of NPA's Labor Committee, and former secretary of the Board of Trustees, has been an active participant in labor union activities. Immigrating from Poland in 1904, his first job was with a Pennsylvania hosiery mill. His interest in trade union movements—aroused when as a child he saw Cossacks ride down strikers from the Zyrardow (Province of Warsaw) mill in which his father worked—was implemented by action in 1907. In that year, at the age of 14, Mr. Rieve joined the United Textile Workers of Philadelphia. In 1915 he became vice-president of the American Federation of Hosiery Workers, and was elected president in 1929.

Appointed a member of the Textile Workers Organizing Committee (TWOC) in 1937 and later its executive director, Mr. Rieve was elected president of the new Textile Workers Union of America, a CIO affiliate, at TWOC's constitutional convention in 1939. He held this office until 1956 when he became Chairman of the Executive Council, his present post. An active union leader, Mr. Rieve has served on many union committees, including the International Committee, and was also the chairman of the Economic Policy Committee. For his work in union integration, the CIO Committee to Abolish Discrimination awarded him its Race Relations Award in 1947.

Mr. Rieve has served in government posts including the Committee on Labor Standards and Social Security, the Interdepartmental Committee of Post-War Foreign Economic Policy, and the Advisory Committee on Social Security of the U. S. Senate subcommittee. During World War II, he served on the War Labor Board, and during the Korean conflict on the Wage Stabilization Board. He was also on the Board of Directors of the Foreign Policy Association, the Board of the American Arbitration Association, labor delegate and adviser to the ILO conferences, and a member of the Executive Committee of the ILO Committee.

He is a vice-president of the AFL-CIO.

## Consumer Savings

**WHY DO PEOPLE SAVE?** What do they save for? These are two of the questions asked 206 consumer "saving units" in St. Louis, Missouri, last summer as part of a "four-year program of research on means of estimating consumer savings and on factors that enter into savings practices and decisions." The four-year program, "The Consumer Savings Project," is being conducted under the auspices of the Inter-University Committee for Research on Consumer Behavior with the aid of a Ford Foundation grant.

A "saving unit" is defined by the interim report as "one or more related persons living in the same dwelling unit pooling half or more of their income and savings. A dwelling may therefore have more than one saving unit." In this particular survey, "units" were selected from the St. Louis area by statistical probability sampling with more than proportionate representation from the upper-income neighborhoods. This factor, the report warns, must be taken into consideration in interpreting the data compiled in the report.

The three principle reasons for saving, in order of the frequency indicated by the consumer "saving units" were: to provide for old age; to be prepared for emergencies; and to look after the children's education. It was also discovered that most people save for more than one reason. The younger "saving units" and those "units" with children under 18 had more reasons for saving than did the older "units." To provide for the children's education, to buy or build a house, and to pay off debts were the three major reasons for savings indicated by the younger "units." The survey indicated that according to the purposes for which the St. Louis consumers saved, they could be divided into three socio-economic groups, all of about equal size. One group—single people, and those in the highest income brackets—tend to feel that savings should be used only in emergencies and preferably not at all. Some of the people in this group even went so far as to indicate that "one should borrow money, if necessary, to avoid drawing on savings."

**A**NOTHER GROUP—generally older people over 65, and persons between 35 and 44—believed in using savings for larger purchases, such as a house. The report noted that the willingness to use savings for these purchases increased with the educational levels of the persons surveyed. This might in part reflect the higher income expectations of this group, or it might indicate that this group considers a large purchase as a transfer of savings.

The last group—Younger people, in particular those with incomes below \$7,500 per year, large families, and those

persons with little education—seemed to feel that savings could be drawn upon at any time to supplement income. This view was also prevalent in a very different group, the higher-income professional self-employed. The survey showed that this group tended to consider business and personal savings to be interchangeable.

Tables showing the association between ownership of selected assets and savings attitudes and goals, as well as an interpretation of these saving attitudes are also included in the report.

*(An Interim Report from the Consumer Savings Project, Inter-University Committee for Research on Consumer Behavior, Champaign: 1959, 10 pp.)*

## Carrie Chapman Catt

**A** RECORD of the practical political sense and the flexible strategy through which American women obtained the franchise under the leadership of Carrie Chapman Catt, and a description of the projects undertaken as a memorial to her after her death, was recently published in honor of the hundredth anniversary of Mrs. Catt's birth.

The author is Helen Hill Miller, NPA International Committee member, author of the NPA report *Needed: A Civilian Reserve*, and contributor to several NPA studies. Mrs. Miller points out that the brief review is presented "as a prelude to a long future, in which still younger generations, active participants in the democratic process, will in similar practical ways find freedom and make it work."

Current activities of Mrs. Catt's Memorial Fund—established in 1947 by the League of Women Voters—are directed at "spreading the practical knowledge and the underlying theory of how a democracy in a free country works, and why." Exchange-of-persons programs which bring overseas visitors to the United States, as well as send Americans overseas on special tours, and the distribution of publications which carry American women's experience in citizenship abroad are major activities of the Fund.

**D**OMESTIC PROGRAMS have included an analysis and report of communication problems, between government and citizens in today's metropolitan area, and, more recently, a project designed to "promote wider understanding of American constitutional freedoms," by "bringing home the significance of the Bill of Rights and basic constitutional liberties through the development of discussion groups among ordinary citizens of diverse political beliefs throughout the country. . . ."

*(Carrie Chapman Catt, by Helen Hill Miller, Carrie Chapman Catt Memorial Fund, Inc., New York: December 1958, \$25.)*

## Frontiers in Science

BASED ON THE PREMISE that science, unlike geography, has never ending frontiers, *Frontiers in Science*, presents a collection of research reports by 31 key contemporary scientists in "fairly nontechnical form" which is directed to the laymen, as well as to the scientist who wishes to keep abreast of research in other scientific fields. The scientists not only relate their specialties to various aspects of life today such as the effects of "astronomy on the average man," but also speculate on the unknown scientific horizons which tomorrow's scientist will probe.

Norman H. Horowitz, a Professor of Biology at California Institute of Technology, in discussing the attempts which have been made to discover the fundamental characteristics of living matter, traces the many scientific efforts to disprove the theory of spontaneous generation—the doctrine that living things can originate spontaneously from nonliving material. In 1668, Reidi, an Italian physician, proved that maggots were not a product of rotting meat, but of the larva of flies. During the 19th century, Pasteur further disproved the theory of spontaneous generation by experiments demonstrating that bacteria are the cause, not the product of decay. However, recent experiments with viruses have again raised the question of the possible generation of life from nonliving matter.

ONE EXPERIMENT cited by Professor Horowitz shows that the center portion of the virus—which is composed of nucleic acid—even when separated from its protein covering, still has infective properties. This means that the properties necessary for life—self duplication and mutability—reside in the center portion of the virus. "Some scientists think now that nucleic acids—perhaps combined with protein—were the original forms in which living matter first appeared on earth." Geophysicists have calculated that life appeared approximately two billion years after the origin of the earth. It is also ascertained that at this time, the earth's atmosphere consisted of hydrogen, ammonia, methane, and water. Approximations of this atmosphere on a laboratory scale have produced some interesting results. An electric discharge was passed through the laboratory-produced atmosphere resulting in the formation of a large number of organic compounds.

Professor Horowitz says that although no nucleic acid or nucleic acid building blocks were found, a number of amino acids—including four found in protein—were present. These acids are the building blocks or protein which is the outside covering of the infectious viruses. "There is a chance," he states, "that given enough time and given the right conditions, a nucleic acid molecule could be spontaneously generated in the proper chemical medium." In concluding, Professor Horowitz points out that "These four amino acids are very far, of course, from a protein, and

they are even much farther from a living cell, but that is where the problem stands today . . ." thus pointing out another frontier for an explorer in science.

A. H. Sturtevant, Professor of Genetics at the California Institute of Technology, in discussing the incidence of high-energy radiation hazards—which is increasing with the development and use of A-bombs, H-bombs, and the wide spread use of x-rays—emphasizes the detrimental effects of irradiation on future generations due to induced gene mutation. He points out that the following facts, previously formulated by geneticists, stress the urgency of further study in this field: high-energy irradiation produces mutations; the frequency of induced mutations is directly proportional to the dosage of irradiation (there is almost no threshold value below which irradiation is ineffective); and the effects of successive exposures are cumulative. He also states that all deleterious effects are permanent, and there is no treatment for recovery. These mutations may "lead to a wide variety of defects, often gross ones." He adds, that there is already a store of undesirable genes present in the population and irradiation just increases this store. Pointing out that the length of the human generation distorts the adverse effects of the mutations, Professor Sturtevant concludes that radiation hazards are a problem of immediate concern that should not wait until tomorrow for a solution.

Frank Salisbury, a plant physiologist at Colorado State University, discusses a more speculative scientific question pondered by biologists, astronomers, geologists, chemists, and scientists from almost every other field, "does life exist on Mars?" He notes that most arguments attempting to prove or disprove the existence of life on Mars are deduced by comparing the environmental conditions on earth which are necessary to sustain life to those conditions on Mars. Professor Salisbury points out that since these studies and experiments have been carried on under one general set of conditions, those of the earth, the universality of these conditions "can only be inferred." Because the atmosphere surrounding Mars is relatively impenetrable even with the most powerful telescope, estimates of the environmental conditions are surmised from observations of the external atmosphere.

ONE THEORY CITED by Professor Salisbury to support the belief of the existence of life on Mars is that of Dr. Hubert Strunghold, head of the department of Space Medicine at Randolph Field, Texas. Dr. Strunghold suggests that "the key to the problem is the 'internal atmosphere' found within the plant body and that oxygen produced by photosynthesis would be trapped in the inner space and used in respiration." Professor Salisbury suggests, however, that an entirely different approach to re-

search in this field might have to be considered if the atmospheric conditions of the earth were found not to be of a fundamental nature, and not applicable to the "inhabitants" of Mars.

The coverage of the biological sciences includes chapters on "Viruses and Cancer," "Brain Mechanisms in Behavior," and "Forecasting the Future." The physical sciences section, with an introduction by Harrison Brown, includes chapters on "Hypersonic Research at Caltech," "The Size of the Universe," and "Astronomy and Eschatology." The section on science and society includes chapters on "The Place of Technology in Civilization," "The Significance of Chemistry," and "Astronomy in a Changing World."

(*Frontiers in Science*, edited by Edward Hutchings, Jr., Basic Books, New York: 1958, \$6.00, 368 pp.)

## Wheat Surpluses and Canada-U.S. Relations

THE ROLE which surplus wheat has played in Canadian-American relations over the past few years is examined in the first report released by the Canadian-American Committee. This Committee, which is jointly sponsored by NPA and the Private Planning Association of Canada, was established in 1957 to study problems arising from the growing interdependence between Canada and the United States.

The authors, W. E. Hamilton, Director of Research for the American Farm Bureau Federation, and W. M. Drummond, currently a member of the Canadian Royal Commission on Price Spreads, assess the methods which the United States has used in recent years to dispose of surplus wheat in light of Canadian claims of unorthodox and unfair competition. The authors conclude that although "the United States has endeavoured to expand the total international movement of wheat and to avoid interfering with normal commercial trade . . . the achievement of [this objective] . . . is exceedingly difficult, if not impossible, under present conditions."

The report points out the much larger role of wheat in Canada than in the United States, and the greater dependence of Canadian wheat farmers on export markets, and also the fact that Canadian wheat growers have been essentially producing for the world market price, whereas U. S. growers have been producing for a guaranteed and subsidized price and have received considerably higher returns.

The report states that Canadian wheat is marketed through the Canadian Wheat Board, which is "a compulsory, government-operated marketing pool," and concludes that "there has been no evidence in recent years of any strong desire, either by Canadian farmers or their government, to see wheat returned to a completely open-market system."

The Committee emphasizes in its introductory statement that the purpose of this report has been to present facts rather than to suggest remedies. "In due course, the Committee itself expects to develop recommendations for achieving greater accord between our two countries in the matter of wheat."

(*Wheat Surpluses and Their Impact on Canada-United States Relations*, W. E. Hamilton and W. M. Drummond; National Planning Association and The Private Planning Association of Canada, U.S.A.: 1959, \$1.00, 64 pp.)

## Not Too Much Food

A PROPOSED PROGRAM for helping U. S. farmers to regain prosperity by utilizing their "conspicuous peace" is the subject of a recent Public Affairs Institute study, "efficiency" to serve the needs of a large number of independent, but nonindustrial nations for food, growth, and *Not Too Much Food*. The author, Stephen Rauschenbush, states that the United States does not produce more fiber and foodstuffs than the world needs. The problem is that there is no effective distribution and use of U. S. surplus produce throughout the world.

Mr. Rauschenbush points out that present programs, in particular the soil bank program, have failed to sufficiently restrict farm production on a quantity basis. Instead, he proposes a program "to produce a reasonable optimum of foodstuffs which should be used to satisfy the hunger and needs of the world for these foodstuffs." Also proposed are certain restrictive measures to inhibit possible dumping effects of the food distribution.

The ten-year program proposed by the author would provide for the removal of surplus commodities through a combination of a "Farmer's Peace Contribution," and a "contingent sale."

The "Farmer's Peace Contribution," would be an outright gift from the farmers—the amount to be stipulated by them—to the underemployed and unemployed peoples of underdeveloped and needy nations. The author adds, it is not intended "to put a meal in the tin cup of every beggar in Rabat, Teheran, Bombay or Rio."

The "contingent sale" is so called "because it is contingent not only on the offer of the peace contribution but on having the commodities used only for public works employment, and not in competition with normal export sales." In conjunction with the "contingent sales," the author suggests an arrangement to provide food for certain domestic needs, such as improving the diet and consumption level in prisons, but not competing with current commercial sales. Sales would be made to contracting parties at farm production costs, with the purchaser paying shipping and all other costs.

The author points out that his study just scratches the surface of the many problems which would face the United States in establishing a program to alleviate its agriculture

## Looking Ahead

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surplus, but adds that if a program of this nature could be initiated, the effect would be to take the farmer out of the "political arena," and put him on a commercial and competitive basis. In concluding, the author points out the necessity for a farm program which is "acceptable to all parts of society," and states that this "particular program which endeavors to link our farm efficiency with the needs of the world for food, work, progress and peace, and with certain of our own national needs can rightly lay claim to such combined support."

(*Not Too Much Food*, Stephen Rauschenbush, Public Affairs Institute, Washington, D. C.: 1959, 42 pp. \$25.)

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